

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 177

Introduced by Assembly Members V. Manuel Pérez and Bradford

January 24, 2013

An act to *amend Sections 345.5 and 454.55 of, and to add Section 399.23 to, the Public Utilities Code, relating to renewable energy resources.*

LEGISLATIVE COUNSEL’S DIGEST

AB 177, as amended, V. Manuel Pérez. *Renewable energy resources.*

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. The Public Utilities Act requires the PUC, in consultation with the Independent System Operator (ISO), to establish resource adequacy requirements for all load-serving entities, as defined, in accordance with specified objectives. The definition of a “load-serving entity” includes an electrical corporation. That law further requires each load-serving entity to maintain physical generating capacity adequate to meet its load requirements, including peak demand and planning and operating reserves, deliverable to locations and at times as may be necessary to provide reliable electric service.

The California Renewables Portfolio Standard Program—(RPS program), also known as the RPS program, requires a retail seller of electricity, as defined, and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources, as defined, for specified compliance periods, sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 20% of retail sales

for the period January 1, 2011, to December 31, 2013, inclusive, 25% of retail sales by December 31, 2016, and 33% of retail sales by December 31, 2020, and in all subsequent years. The RPS program, consistent with the goals of procuring the least-cost and best-fit eligible renewable energy resources that meet project viability principles, requires that all retail sellers procure a balanced portfolio of electricity products from eligible renewable energy resources, as specified (portfolio content requirements). The RPS program requires the PUC to direct each electrical corporation, which are included within the definition of a retail seller, to annually prepare a renewable energy procurement plan containing specified matter and an annual compliance report. The RPS program requires the PUC to adopt, by rulemaking, a process that provides criteria for the rank ordering and selection of least-cost and best-fit eligible renewable energy resources by electrical corporations to comply with the RPS program procurement obligations, on a total cost basis, that take specified matter into account.

This bill would state the policy of the state to require all retail sellers of electricity, including ~~investor~~ *investor-owned electrical corporations* and *local* publicly owned *electric* utilities, to procure ~~new~~ *all available demand-side and clean, eligible renewable energy-generation resources* to achieve *reductions in the emissions of greenhouse gas emissions reduction, gases and the state's resource adequacy, and renewable* goals simultaneously, in the most cost-effective manner practicable.

The Public Utilities Act requires the PUC to review and adopt a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives. The act requires that an electrical corporation's proposed procurement plan include certain elements, including a showing that the electrical corporation will first meet its unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. The act requires the PUC, in consultation with the State Energy Resources Conservation and Development Commission (Energy Commission), to identify all potentially achievable cost-effective electricity efficiency savings and to establish efficiency targets for electrical corporations to achieve pursuant to their procurement plan.

This bill would require the PUC, in consultation with the Energy Commission, to identify all potentially achievable cost-effective electricity efficiency savings, demand response resources, and eligible renewable energy resources and establish procurement targets to be met by an electrical corporation to achieve pursuant to its procurement

plan, over-and-above any separate procurement targets or mandates for these resources established in the Public Utilities Code or by PUC action.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill are within the act, a violation of above requirement would impose a state-mandated local program by expanding the definition of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 345.5 of the Public Utilities Code is*
2 *amended to read:*

3 345.5. (a) The Independent System Operator, as a nonprofit,
4 public benefit corporation, shall conduct its operations consistent
5 with applicable state and federal laws and consistent with the
6 interests of the people of the state.

7 (b) To ensure the reliability of electric service and the health
8 and safety of the public, the Independent System Operator shall
9 manage the transmission grid and related energy markets in a
10 manner that is consistent with all of the following:

11 (1) Making the most efficient use of available energy resources.
12 For purposes of this section, “available energy resources” include
13 energy, capacity, ancillary services, and demand bid into markets
14 administered by the Independent System Operator. “Available
15 energy resources” do not include a schedule submitted to the
16 Independent System Operator by an electrical corporation or a
17 local publicly owned electric utility to meet its own customer load.

18 (2) Reducing, to the extent possible, overall economic cost to
19 the state’s consumers.

20 (3) Applicable state law intended to protect the public’s health
21 and the environment.

1 (4) Maximizing availability of existing electric generation
2 resources, *including all available demand side and clean, eligible*
3 *renewable energy resources* necessary to meet the needs of the
4 state's electricity consumers.

5 (5) Conducting internal operations in a manner that minimizes
6 cost impact on ratepayers to the extent practicable and consistent
7 with the provisions of this chapter.

8 (6) Communicating with all balancing area authorities in
9 California in a manner that supports electrical reliability.

10 (c) The Independent System Operator shall do all of the
11 following:

12 (1) Consult and coordinate with appropriate state and local
13 agencies to ensure that the Independent System Operator operates
14 in furtherance of state law regarding consumer and environmental
15 protection.

16 (2) Ensure that the purposes and functions of the Independent
17 System Operator are consistent with the purposes and functions
18 of nonprofit, public benefit corporations in the state, including
19 duties of care and conflict-of-interest standards for officers and
20 directors of a corporation.

21 (3) Maintain open meeting standards and meeting notice
22 requirements consistent with the general policies of the
23 Bagley-Keene Open Meeting Act (Article 9 (commencing with
24 Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of
25 the Government Code) and affording the public the greatest
26 possible access, consistent with other duties of the corporation.
27 The Independent System Operator's Open Meeting Policy, as
28 adopted on April 23, 1998, and in effect as of May 1, 2002, meets
29 the requirements of this paragraph. The Independent System
30 Operator shall maintain a policy that is no less consistent with the
31 Bagley-Keene Open Meeting Act than its policy in effect as of
32 May 1, 2002.

33 (4) Provide public access to corporate records consistent with
34 the general policies of the California Public Records Act (Chapter
35 3.5 (commencing with Section 6250) of Division 7 of Title 1 of
36 the Government Code) and affording the public the greatest
37 possible access, consistent with the other duties of the corporation.
38 The Independent System Operator's Information Availability
39 Policy, as adopted on October 22, 1998, and in effect as of May
40 1, 2002, meets the requirements of this paragraph. The Independent

1 System Operator shall maintain a policy that is no less consistent
2 with the California Public Records Act than its policy in effect as
3 of May 1, 2002.

4 ~~SECTION 1.~~

5 SEC. 2. Section 399.23 is added to the Public Utilities Code,
6 to read:

7 399.23. (a) The Legislature finds and declares all of the
8 following:

9 (1) There is increasing uncertainty with regard to the availability
10 of California's fleet of older powerplants, creating the need for
11 increased reduction in demand for electricity through energy
12 efficiency, demand response, and adding new sources of clean
13 energy generation.

14 (2) It is in the best interest of the electricity consumers of this
15 state that sufficient clean energy generation supply and
16 demand-side resources are procured to meet electricity demand
17 that provide the highest value, including providing safe, reliable,
18 and affordable electricity supplies and minimizing air quality
19 impacts to consumers in the most cost-effective manner practicable.

20 (3) Clean energy generation with flexible delivery characteristics
21 are essential to maintaining reliable electricity deliveries.

22 (4) There are substantial high-quality renewable resources in
23 the County of Imperial near the Salton Sea, which can help provide
24 cost-effective renewable resources that can reduce greenhouse gas
25 emissions while simultaneously contributing to resources adequacy
26 and reliability needs and providing significant local and regional
27 environmental and economic development benefits.

28 (b) ~~Notwithstanding other laws, Without limitation imposed by~~
29 *any existing procurement targets or requirements, and consistent*
30 *with the loading order adopted by the Energy Commission and*
31 *the commission which sets forth state policy for preferred resources*
32 *to meet electrical load needs, it is the intent of the* ~~Legislature~~
33 *Legislature, and the policy of the state state, that all retail sellers*
34 *of electricity, including—investor investor-owned electrical*
35 *corporations and local publicly owned electric utilities, shall*
36 *procure new all available demand side and clean clean, eligible*
37 *renewable energy-generation resources to achieve reductions in*
38 *the emissions of greenhouse gas reduction, gases and the state's*
39 *resource adequacy,—and—renewable goals simultaneously*
40 *simultaneously, in the most cost-effective manner practicable.*

1 *SEC. 3. Section 454.55 of the Public Utilities Code is amended*
2 *to read:*

3 454.55. ~~The~~ *In furtherance of the loading order adopted by*
4 *the Energy Commission and the commission that sets forth state*
5 *policy for preferred resources to meet long-term electrical load*
6 *needs pursuant to Section 454.5, the commission, in consultation*
7 *with the State Energy Resources Conservation and Development*
8 *Commission, shall identify all potentially achievable cost-effective*
9 *electricity efficiency savings, demand response resources, and*
10 *eligible renewable energy resources and establish efficiency*
11 *procurement targets for to be met by an electrical corporation to*
12 ~~achieve pursuant to Section 454.5 pursuant to this section,~~
13 *over-and-above any separate procurement targets or mandates*
14 *for these resources established in this code or by commission*
15 *action.*

16 ~~SEC. 2.~~

17 *SEC. 4. No reimbursement is required by this act pursuant to*
18 *Section 6 of Article XIII B of the California Constitution because*
19 *the only costs that may be incurred by a local agency or school*
20 *district will be incurred because this act creates a new crime or*
21 *infraction, eliminates a crime or infraction, or changes the penalty*
22 *for a crime or infraction, within the meaning of Section 17556 of*
23 *the Government Code, or changes the definition of a crime within*
24 *the meaning of Section 6 of Article XIII B of the California*
25 *Constitution.*